

# Dream Catcher

June, 2000

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## Mountain Village, Alaska IS Number 1 in the USA!

### Alaska Village receives the first Title VI Commitment!

The small remote Alaska Native village of Mountain Village situated 150 miles Northwest of Bethel- accessible only by river, air or dogsled-became the country's initial Title VI project. This is the first of many. The entire Mountain Village Community is to be congratulated for their hardwork!

HUD's commitment was issued to the First National Bank of Anchorage, on behalf of the Title VI borrower, the Asa'carsarmiut Tribal Council (ATC) in Mountain Village, Alaska. ONAP officially issued the Letter of Commitment on May 16, 2000. The village began the process by sending in their preliminary letter of

ing units for the village is the goal for this loan. In Mountain Village there are 293 adults and 369 children occupying 161 homes.

According to their Indian Housing Plan, approximately 70-75 percent of the population resides in overcrowded conditions. Overall, there is a need to construct over 90 homes in this community. Because of low incomes, most of the village residents cannot afford a home loan and there are no rental housing units within Mountain Village. The project impacts the village needs with eight (8) rental housing units consisting of two 2-BR units, three 3-BR units and three 4-BR units and infrastructure.

### Partnerships

The tribal council and the city council of Mountain Village met jointly to discuss and eventually sign a Memorandum of Agreement (MOA) to address housing for the community. The Village Corporation was also instrumental by agreeing to the MOA without hesitation. The Alaska Village Electric cooperative is helping by providing electrical service. The Alaska Village Council of Presidents (AVCP) staff is also providing some assistance to the project.

The U.S. Department of Health and Human Services through the Alaska Native Tribal Health Consortium is reviewing



request June 23, 1999. The application from the lender was received April 17, 2000.

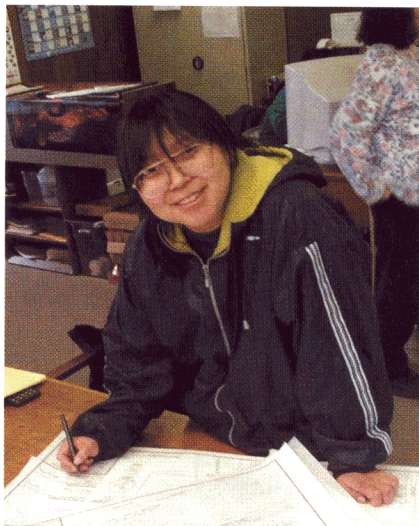
### The Community

Reducing overcrowded living conditions by building additional hous-

the tribe's request for future water & sewer funding. In addition, the Village Safe Water program is willing to provide technical assistance.

### The Package

The Title VI commitment for the project is \$1,696,020 (at 9%) for the construction and is expected to close by May 31, 2000. The term of the loan is 20 years with an annual debt service payment of \$190,376.34. The lender, First National Bank of Anchorage, structured the payments to be made in annual increments that coincide with the tribe's annual Indian Housing Block Grant funds.



Housing Director, Kathy Harpak reviews the blueprints one more time



Asa'carsamuit Housing Executive Director, Kathy Harpak HUD Deputy Assistant Secretary, Jacqueline Johnson and Paul Beans, Asacasmuit Housing Manager.

### Some Important Tips

ONAP learned some important lessons in processing this first Title VI project. Dwelling Cost and Equipment (DC&E) cost limitations must be applied to the Title VI project when dwelling units will be constructed or acquired. Not applying these costs will slow the review process. The governing regulations for DC&E are located at 24 CFR 1000.156 and the actual limitations are published annually in a Notice from HUD. Notice PIH 99-34 contains the most recent DC&Es.

Environmental reviews take a great deal of time to process. Processing includes not only assembling and reviewing documentation to make an informed decision, but also includes a 15 day publication and comment period. At the conclusion of the 15 day period, the Responsible Entity submits a Notice of Intent to Request Release of Funds (NOI/RROF) to the Area ONAP. The Area ONAP must wait an additional 15 days for further comment and review prior to approving the request to release funds. No funds may be committed or obligated for a Title VI project before the completion of the environmental review process and approval of the Request for Release of Funds by the Area ONAP. For information contact Christine Manion, Loan Guarantee Specialist, (303)675-1600x3321.



## CALENDAR OF EVENTS

### July 2000

9-12 - Western States Regional Youth Conference- Claremont, CA- call 614-224-4506

July 16-19, Eastern States Regional Youth to Youth conference, Bryant College, Smithfield, Rhode Island- call 614-224-4506

July 17-21, Orientation to Environmental Assessment for Rural Areas and Native Americans- Ralph H. Metcalfe Federal Bldg. Chicago, IL for more information contact: Elton Jones (800-735-3239)

July 24 - 25 - National Housing and Economic Development Conference -co-hosted by United South and Eastern Tribes (USET) and the U.S. Office of Thrift Supervision, Foxwoods Conference Center, Mashantucket Pequot (Mashantucket, CT) for more information see: [www.ots.treas.gov/docs/48100.html](http://www.ots.treas.gov/docs/48100.html)

### August

August 1 - 4, Gang Resistance Education and Training National Conference 2000, Tucson, AZ. For educators and law enforcement sponsored by the Bureau of Alcohol, Tobacco and Firearms, Gang Resistance Education and Training, and the Tucson Police Department. Contact Mitch Herriges, #37165 at (520) 791-4177 or 800-726-0318



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## NW TRIBES SEE EXPANSION OF HOUSING PROGRAMS AS THE FUTURE

Northwest tribes, TDHEs, and advocates for Native Americans who live off reservation in the Seattle area are preparing for the future. Through a series of events and training sessions, the tribes and TDHEs are forming new partnerships aimed at broadening the scope of housing opportunities available to Native Americans in the Northwest. Working with HUD Community Builders, State Officials, and local lenders, they are preparing to launch new and expanded programs to better serve their communities. Over the last three months of 1999, activities included:



**Homeownership Fair:** On October 30, the first ever Homeownership Information Fair targeted for American Indians/Alaska Natives living in the Puget Sound area, was held at the Daybreak Star Cultural Center in Seattle. Over 30 lending, real estate and non-profit organizations were represented, helping to provide information on mortgages, housing counseling and down payment assistance programs, financing on tribal lands, homeowners' insurance and housing assistance resources. The fair was sponsored by HUD, United Indians of All Tribes Foundation, and the Seattle Indian Health Board.

Throughout the five hour period, over 300 adults, children, and elders participated in the day's activities which included 28 exhibitors, a children's party, and eight informational sessions relating to homeownership. Since the Homeownership Fair numerous individuals have appointments to undergo the prequalification process, and there is a sense among American Indian/Alaska Native population that homeownership is not out of their reach.

Among those participating in the fair were the HUD Northwest/Alaska Secretary's Representative and the Executive Director of United Indians of All Tribes Foundation.

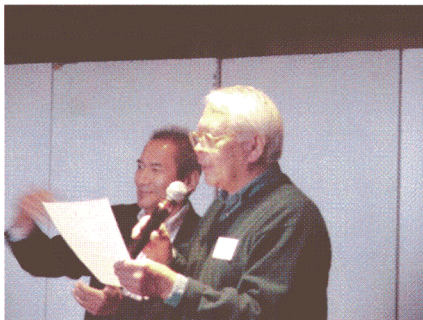
(NWIHA), working with Max Rice, a Program Specialist in NWONAP, The Northwest Indian Housing Association in providing a series of training opportunities designed to introduce TDHEs to supplementary procedures and programs that will stretch NAHASDA funding and/or increase total housing

funds available to the tribe and/or tribal members.

The combination of energy from the Tribes, Congress, government agencies, and individuals has changed how business is done in Indian Country.

Tribes now have a dominant role in determining how their housing resources are to be invested. At a recent NWIHA meeting, each of the members briefly discussed their activities. Afterward the comment was made that each tribe is planning, implementing, or completing some type of development or assistance program. There is a sense that momentum is building and it promises even more dynamic actions in the future.

Northwest Tribal members now have access to new housing programs that were not available in the past.



HUD's Office of Native American Programs (ONAP) implemented a new White House Interagency initiative on April 19, 2000 through the creation of a Native American Economic Development Access Center called Native eDGE.

**Native eDGE** links over twelve agencies through a single toll-free number and web-site so that entrepreneurs—Native Americans, lending institutions, non-profits, foundations, and private businesses—can collaborate to achieve sustainable economic development in Indian Country.

#### **How It Works**

##### **Call Center**

The actual call center has a toll-free telephone number (1-888-807-9013) for direct discussions with tribes, tribal entities, individuals and others with questions on doing business in Indian country. Call Center staff ask a series of questions and the answers are used to search for Federal and non Federal resources that can be utilized by the caller.

**Native eDGE** is an Interagency collaboration designed to promote economic development throughout all of Indian country. The **eDGE** Access center provides access to information and assistance to geographically remote groups who might otherwise be left out of the new technology-based world of economic development.

##### **Web Site-**

(<http://nativeedge.hud.gov>)  
A fully interactive web site, with a user-friendly search engine pro-

vides access to a comprehensive inventory of Federal programs available to Indian communities allowing users to define their interests and the type of assistance they are seeking. The web site uses the same database of

## **Native eDGE Brings Access Resources to Indian Entrepreneurs**

Federal resources used by the Call Center in order to assure consistency of information. Databases on non-Federal resources will be available in the future with direct links to important resource sites. The eDGE web site also provides electronic access to electronic forms, publications, and guidelines through the clearinghouse



##### **eDGE Clearinghouse**

The clearinghouse provides informational brochures, pamphlets, and promotional materials on economic development to tribes, tribal entities, individuals, and other supporting organizations. A library of economic development information from all Federal agencies is available through the clearinghouse library. This library will be comprised of multi-agency and non-Federal publications that are directly related to economic development in tribal communities.

##### **Technical Assistance Information Center**

**eDGE** staff will provide information concerning technical assistance products or services provided by Federal

agencies, non-profit entities, and others. These services will be provided by eDGE staff and local representatives of appropriate agencies or organizations. In the future, experienced economic development specialists will provide personalized research, initiate dialogue among entrepreneurs, coordinate with other federal agencies, and share their knowledge and experience to ensure that relationships are developed and maintained, and that entrepreneurs receive information and guidance necessary to promote economic growth in their communities.

##### **Outreach**

**Native eDGE** provides an opportunity that further



**Native**

economic Development Guidance and Empowerment

**eDGE**

bridges the divide between tribal communities and the information they need to create sustainable economic development. All Federal agencies will be trained on the web site to create a greater awareness of the economic development resources available to all American Indians and Alaska Natives.

In addition, four regional economic development training workshops will be scheduled for in-depth technical assistance. The web site, personalized support, and training delivery will enable entrepreneurs and tribes, regardless of their technical or economic development experience, to create new opportunities in Indian country.



## **A Summary - INDIAN HOUSING DRUG ELIMINATION GRANT PROGRAM (IHDEP)**

On Thursday, May 11, 2000, the Department published a Notice Of Funding Availability (NOFA) announcing \$22,000,000 in Fiscal Year 1999 (\$11 million) and Fiscal Year 2000 (\$11 million) funds, available on a competitive basis, for the Indian Housing Drug Elimination Program (IHDEP). The purpose of this program is to provide funds to tribes and tribally designated housing entities (TDHE) who successfully submit proposals to the Department to eliminate drugs and drug-related crime in American Indian and Alaskan Native communities.

If you are a tribe or TDHE that submitted an application in response to the February 26, 1999, PIHDEP NOFA or the May 12, 1999 Notice Withdrawing and Reissuing the February 26, 1999 PIHDEP NOFA, we strongly suggest that you read the IHDEP NOFA that was published in the Federal Register (Vol.65, No.92, pages 30502-30513) for changes that are Native American specific to this Fiscal Year 1999 - 2000 IHDEP NOFA and to contact the AONAP in your jurisdiction if you have further questions.

The deadline for this competitive program is July 10, 2000.

## **ONAP works with Task Force for the Employment of Adults with Disabilities**

In 1998, President Clinton signed into law Executive Order 13078, establishing the Presidential Task Force on the Employment of Adults with Disabilities. The mandate of the Task Force is to evaluate Federal programs to determine changes, modifications, and innovations necessary to remove barriers to employment opportunities faced by adults with disabilities. The Task Force is reviewing reasonable accommodations, inadequate access to health care, lack of consumer-driven, long-term support and services, transportation, accessible and integrated housing, telecommunications, assistive technology, community services, child care, education, vocational rehabilitation, training services, employment retention, promotion and discrimination, on-the-job supports, and economic incentives to work.

The Task Force will provide the President with recommendations including legislative and budget initiatives, proposals, and regulatory changes. Contact: Rebecca L. Ogle, Executive Director, Presidential Task Force on Employment of Adults with Disabilities U.S. Department of Labor, 200 Constitution Avenue, NW, Suite S2220, Washington, DC 20210. (202) 693-4939.



# ONAP AND TRIBES BUILD STRONG FOUNDATIONS

Indian housing experts from across the nation gathered in Portland, OR for the HUD Office of Native American Programs' Sixth Annual Native American Housing Summit, May 1-3. Nearly 600 representatives from tribal governments, tribal housing organizations, and housing lenders attended. "Building a Strong Foundation" was the theme for this year's Summit.

The Summit was an effort that brought together tribal, nonprofit, corporate, and federal agency participants and speakers. Representatives from HUD's Office of Native American Programs, Real Estate Assessment Center (REAC), HUD's General Counsel, Department of Agriculture's Rural Development Program, Department of Veteran Affairs' Center for Minority Veterans, the Bureau of Indian Affairs, and the Indian Health Service offered information and technical assistance on housing program opportunities available to tribes and individual tribal members.

Prior to the Summit there were two special sessions. The "One-Stop Mortgage Center Initiative," and the "Legal Session" were both popular. The One-Stop initiative was created in response to an Executive Memorandum from President Clinton directing agencies to attempt to remove barriers to homeownership in Indian country. At the Summit session, the Executive Directors of the Navajo Partnership for Housing and the Oglala Sioux Tribe Partnership for Housing described how the initiative is being implemented on the Navajo and Pine Ridge Reservations by creating a single office on the reservation capable of dealing with all housing related issues.

The legal session at the Summit focused on key issues for attorneys such as employment disputes, cooperation agreements, conflicts of interest and labor standards.

In the official opening of this year's Summit, a memorial for Joe DeLaCruz was conducted by the Quinault Nation. Following the

memorial, the opening plenary sessions provided updates on various Indian housing programs at several federal agencies and a status report on activities under NAHASDA, Section 184 and other key HUD programs. The plenary sessions were followed by a day and a half of intensive break-out sessions. The break-out sessions were arranged into tracks on: NAHASDA requirements; self assessment and monitoring; financial management; program administration; homeownership; and housing construction. The break-out sessions were a mix of panel discussions, training sessions, and case studies.

With these great presentations, there were a number of handouts that provided additional guidance. The many informative reports and presentations delivered at the Summit by presenters will be placed on a cd-rom and mailed to all registered participants.

In addition to the break-out sessions, there were a number of special events planned throughout the Summit agenda. The first night's reception was a great opportunity to catch up with old colleagues and meet new ones. The luncheon featured remarks by Dan Lewis about the Boys and Girls Clubs of America. In the Summit's Resource Room, participants had approximately 30 agencies, nonprofits and companies to visit and explore new ideas and products. Many exhibitors provided technical assistance and answered questions on an individual basis.

In summary, participants evaluated the Summit as one of the best. They enjoyed the chance to interact with fellow participants and the break-out sessions. A second Summit is now being planned for late fall and, announcements will be mailed when a site and definite date are determined. The focus of the next Summit will be on developing and implementing a comprehensive approach to community development, housing and economic development for your tribe. We hope that you will be able to join us at this next Summit.



# HOMEOWNERSHIP TRAINING BRINGS OPPORTUNITIES FOR INDIAN COUNTRY

The Section 184 Loan Guarantee Program is designed to provide mortgage financing opportunities for Native Americans seeking homeownership on a reservation or a designated Indian area. Since March 1995 when the first Section 184 loan was guaranteed 718 home loans have been guaranteed by HUD. In fiscal year 2000, more loans have been originated on tribal trust and individual allotted land than are being originated on fee simple land in an Indian area. However, implement-



ing the 184 program has not come without challenges. The Office of Loan Guarantee, their clients and partners have encountered barriers affecting the growth and development of homeownership opportunities and the Section 184 Loan Guarantee Program.

The number one challenge faced when offering the program is education. For the tribal participant (whether it be the tribe, the TDHE or the borrower) traditional homeownership does not always exist in Indian country. The concept of long term mortgage financing is also foreign to much of Indian country. Homebuyer education, counseling, credit, property maintenance and financial training have not been provided to most Native Americans interested in homeownership. Mortgage lenders are considered private sector partners in providing mortgage capital in Indian country;

however many lenders are not yet familiar with the Section 184 Loan Guarantee Program. Additionally, lenders are not familiar with the tribal court system (for foreclosure and eviction proceedings) as well as cultural issues. Title status, and in particular the title and loan processing procedures of the BIA, are also significant variables.

To increase education, the Office of Loan Guarantee has developed a 2-day training module specific to the needs of potential Native American borrowers seeking homeownership and the private sector partners. The in-depth training includes the details and requirements of the Section 184 Program; creating a homeownership counseling/education program; and information on mortgage loan programs sponsored by the Department of Veterans Affairs, FHA, and USDA-Rural Development. Also covered are land title and leasing issues administered by the BIA.

As a result of this interagency outreach, approximately 121 tribes and



95 lenders are now participating in the program. For a list of participating tribes and lenders visit the 184 Office



of Loan Guarantee website at <http://www.codetalk.fed.us/loan184.html>. The next two day training modules will be offered in Traverse City, Michigan on June 20-21, 2000 and in Anchorage, Alaska on September 19-20. For registration and course information, contact the conference information line at (703) 934-3392 or the Office of Loan Guarantee at (303) 675-1600.

## -- Mark Your Calendar-A Comprehensive Planning Summit is Coming in November

The Office of Native American Programs and other federal agencies will offer Tribes the opportunity to participate in a major Comprehensive Planning Workshop this fall. The workshop is being designed to address the Tribes' needs regarding improving capacity to apply comprehensive planning to housing development activities. While the workshop date has not been set, tentatively, late November is possible. Contact Douglas Godesky, Office of Native American Programs 202-708-0614, extension 6477

## **Federal Agencies to hold Wellness and Self Determination Conference**

The Office of Native American Programs is participating in a joint effort with the Department of Justice and other Federal Agencies to sponsor a conference entitled, "Community Wellness through Indian Self-Determination: Tribal Strategies to Reduce Alcohol, Substance Abuse and Violence." The conference will be held September 6 - 7, 2000 in Washington, DC at the Monarch Hotel.

The interagency planning committee is in the process of finalizing the agenda and other logistical details. Invitations announcing the conference will be sent to Tribes, tribally designated housing entities, national and regional tribal organizations, and others very soon.

### **Visions 2000 Conference is set for July -**

**- At Pequot, Co-sponsored by USET, NAIHC,  
FHFB, RIAC, NERCC, HUD and Treasury**

Problems and issues relating to economic development and housing in Indian country have been analyzed and discussed for many many years.

working solutions and effective tools that have been employed by many Indian nations to enhance housing and economic development.

Effective solutions to many of these problems have been debated, experimented and implemented in some instances. However, a vast majority of these issues and problems still exist and in fact, have worsened in some areas even in the midst of a booming economy.

Conference participants will be equipped with tools and information on effective business development, banking by tribal entities, formation and operation of non-profit entities, accessing capital markets and money management, asset accumulation by low income people, various techniques for housing financing, the benefits of CRA, micro-enterprise lending and homeowner education and counseling.

This Visions 2000 Conference on July 24-25, 2000 in Mashantucket, CT is structured to focus on the

Do you have questions  
about - -

- Indian Country?
- Current Issues?
- Resources?

CFR  
OMB  
BIA  
IHS

- Need a Link to
  - ONAP
  - HUD
- the White House
  - Congress
  - Planet Youth

## **Code Talk**

Click on  
[www.codetalk.fed.us](http://www.codetalk.fed.us)



# Red Lake Industries

## Tribal Economic Development by Developing Affordable Homes

Economic Development has been the new focus for low income communities. However, economic development is not a new focus to the Red Lake Band of Chippewa Indians located in a remote county of Minnesota. What is new to this community is the development of a for-profit arm called the Red Lake



Industries, Inc. Red Lake Chairman Bobby Whitefeather describes this corporation as a break through from other economic development efforts.

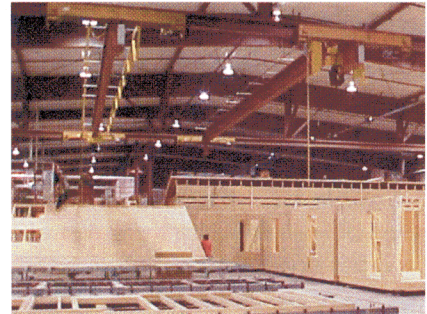
The Red Lake Industries uniqueness stems from an age old business concept called "consumer profile". The Red Lake Industries, Inc. identified their consumer to be price conscious, not by means of thriftiness, however by the means of financial capability. What this corporation did was simple-it found a niche market. This was a smart move, a needed move for all of the Native communities that are faced with high unemployment rates, poverty, lack of decent and affordable housing. That decision is why this company now has a two year waiting list, generated 6 million in gross sales this year since opening their doors to business on June 12, 1998.

The tribe's success has some people scratching their heads, however Plant Manager John Van Den Berg, states "it's simple, we have built a business that meets the social agenda of those we serve".

The Red Lake Industries are making a mark for affordable housing too. Housing that is quality made and affordable. Not affordable as in \$180,000, but an affordable \$80,000. And, they plan to implement innovative programs like "soft second" mortgages so families with limited income can have the American Dream to be homeowners and build assets.

Not all was fine and dandy for this corporation, in fact for the first several months of operation this corporation floundered trying to find the soundness of approach to good business decisions. Two management firms have come and gone and in steps current Plant Manager John Van Den Berg. Mr. Van Den Berg states "I received a call one day and within one week I was on board".

In a few months, the corporation went from nothing to providing 100 jobs and 2.5 million in payroll to Red Lake Tribal Members and their families. What's next? Well, there is plenty in store for this corporation. They plan a minor expansion for their current facility and they plan on building a second plant near the Minneapolis metropolitan area to provide a product closer to the open market. This move could provide as many as 300 jobs and a multimillion ticket in sales.



A question that came to mind is why was this business successful? The company made it possible for the employees to feel good about themselves, which in turn made them feel good about the quality product that was being built.

This internal client based approach was the real sense of seeing from within, that the Red Lake Industries employees, are clients too. With that notion, the NW Technical College of Bemidji State University was notified. The plant receives the necessary training, the college received the necessary student enrollment count (FTE/PTE) and the employees received college credit for a Vocational Trade. The Red Lake Industries is changing the course of lives by providing their employees with a sense of accomplishment and a college education that will follow them anywhere.

For more information contact John Van Den Berg at 218-679-3114.



## HUD's Drug Elimination Program with Boys and Girls Clubs

# HUD and Salt River "Sowing the Seeds of Success"

The Salt River Pima-Maricopa Indian Community (SRPMIC), once rural/agrarian in nature, is becoming more influenced by the surrounding urban communities of Phoenix, Scottsdale, Mesa, Tempe and the town of Fountain Hills. Living within an urban environment has its positive impacts as well as its negative influences. The SRPMIC experienced a significant rise in gang activity from 1991 to 1995. The Community believes that gang and drug activity increased, in part, because of the loss of traditional ways and cultural values. Drug-related crime and associated problems in the Salt River Housing Division's (SRHD) residential developments are mostly in the rental units with the majority of the offenders being juvenile males from 11 to 19 years old.

Until late 1996, despite the wide range of substance abuse related problems, the SRPMIC and SRHD lacked any comprehensive, coordinated prevention and intervention program. At that time, the housing authority received a HUD-funded Drug Elimination Program (DEP) grant.

The DEP provided youth services where very few or none existed before, to youths aged 8-18 years in a 40-unit rental community known as Red Mountain Vista. Programs in social skills, self-esteem, cross-cultural appreciation, arts and crafts, tutoring, education, reading and golf are offered to participating youth with some

extra-curricular activities provided on weekends. Two DEP-supported staff from the tribe's Youth Services Department were assigned to the previously unused Red Mountain Vista Community Center to conduct these activities. The DEP coordinator co-chaired the Gang Task Force for the SRPMIC, attended meetings of the newly formed Mothers Against Gangs, and sat on a committee that worked to get the local Scottsdale chapter of

ed to attend a golf clinic with Tiger Woods. The club had two members participate in the Phoenix Sun's All Star League.

The Red Mountain Vista branch has received a \$75,000 start-up contribution from the Boys and Girls Clubs of America and one of the state's two major utility corporations, the Salt River Project, has donated \$100,000 to the club. Additionally, because of the success of the club, the Tribe

decided to use its 1998 Indian Community Development Block Grant to construct a new, 31,434 square foot building that will serve as the primary club facility. The Red Mountain Vista building will serve as one of several satellite branches that the Tribe would like to establish within the community.

Gary Buchik, SRPMIC Youth Services Director, says that crime rates within the community

have definitely gone down since the establishment of the Boys and Girls Club.

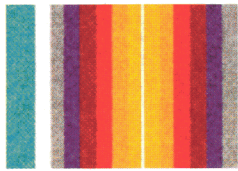
HUD's Drug Elimination Program played a big part in making this happen and other DEP-supported activities have been of exceptional benefit to the Salt River Pima-Maricopa Community and to its youth in particular. The Tribe, utilizing HUD's Drug Elimination Program, is a prime example of the government to government relationship working to address some of the most pressing issues facing Native American communities today. Together, they are sowing seeds of success.



the Boys and Girls Club of America to establish a branch in the Red Mountain Vista Community Center building where the DEP-sponsored youth activities.

On November 14, 1998, the grand opening was held for the first-ever Boys and Girls Club for the Salt River Pima-Maricopa Indian Community. Today, the club and its programs are thriving. Approximately 250 members from throughout the Salt River Indian Community take part and enjoy the wide variety of activities. Last year the club's High School Division basketball team won a state championship and two members of the Junior Golf Program were select





## Technical Assistance Tip

### Using the Section 184 Loan Guarantee ---with NAHASDA Assistance

Does your tribe want to promote homeownership? Are you worried about the high cost of constructing new homes with your limited NAHASDA resources? One option is to consider combining the Section 184 Indian Housing Loan Guarantee Program with NAHASDA. The Section 184 Program provides a 100% guarantee to private lenders who make loans to eligible Indian families in Indian country. Tribes and housing authorities are also eligible borrowers. Section 184 can be used for single family new construction, acquisition, acquisition with rehabilitation or just rehab alone.

There are many ways that NAHASDA can be combined with the Section 184 Program to both stretch your Indian Housing Block Grant (IHBG) and make a Section 184 loan more accessible to tribal families. Perhaps one of the easiest ways is to offer downpayment or closing cost assistance to eligible families under NAHASDA and couple that with a Section 184 loan for the principal. The amount of the downpayment could be any that the tribe deems reasonable and thus, could be used to make the remaining loan balance affordable to the homebuyer. For example, if a new home will cost \$100,000 but the homebuyer can only afford the payments on a \$60,000 mortgage, the tribe could offer \$40,000 of downpayment assistance to the homebuyer to close the gap. While this is certainly a large subsidy to the homebuyer, it is a far lesser use of IHBG funds than paying to direct

ly construct the \$100,000 home under NAHASDA.

Another option for bringing Section 184 and NAHASDA together is to offer a second mortgage with IHBG funds. Under this option, Section 184 is the first loan on the property and the loan made by the tribe with IHBG funds to the homebuyer is a second loan. This second loan could be amortized (paid off over time) at a very low interest rate or it could be a deferred payment loan which is forgiven at a certain date or over time. For example, assume again that a home will cost \$100,000 and the lender is willing to lend this at an interest rate of 8%. However, the homebuyer can only afford to make the monthly payments if the interest rate was 6%. In order to help “write down” the monthly interest rate, the private Section 184 loan could be \$50,000 at 8% and the tribe could offer a \$50,000 NAHASDA second loan at 4%. The combined effect of these two loans is a monthly payment at an effective interest rate of approximately 6%. Tribes that elect to provide second mortgages will need to plan for long term loan servicing, including the staffing and administrative procedures necessary to collect and process loan payments.

An alternate way to achieve this same effect would be to use NAHASDA funds to subsidize the interest rate offered by the private, Section 184 lender. Under this

option, the tribe makes a one-time payment to the private lender to write down the interest rate to a level that the homebuyer can actually afford. Typically, this is done by purchasing discount points. One point is 1% of the mortgage principal. Thus four points on a \$100,000 mortgage is \$4,000 and eight points is \$8,000. So, for \$96,000 a tribe/TDHE could help 12 people with a \$100,000 mortgage with an interest rate buydown of approximately 2% (an \$8,000 write down per family). Note that these numbers are an estimation and it is possible that when you work with a private lender, 1% of the principal will not translate to exactly one basis point (1%) in the interest rate.

For tribes that are considering pairing NAHASDA funds with Section 184, it is important to keep several basic NAHASDA rules in mind. First, remember that the NAHASDA program is targeted primarily at low income Indian families and that upper income families can only be served under limited circumstances. In addition, it is important that any activities funded or partially funded by NAHASDA be included within the tribe’s Indian Housing Plan and then be a part of the tribe’s reporting and recordkeeping. Finally, it is important that tribes make sure that all projects with NAHASDA funding comply with NAHASDA and related other federal rules, regardless of the exact amount of NAHASDA funding. For more information: <http://www.codetalk.fed.us>.



world wide web:  
[www.codetalk.fed.us](http://www.codetalk.fed.us)

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